



McGregor W. Scott
United States Attorney
Eastern District of California

NEWS RELEASE

Sacramento
501 I. Street, Ste 10-100
Sacramento CA 95814
(916) 554-2700

Fresno
1130 O. Street, Rm 3654
Fresno, CA 93721
(559) 498-7272

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Contact: Patty Pontello, 916-554-2706

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**U.S. ATTORNEY BRINGS ACTION TO FORFEIT \$2.2 MILLION IN ALLEGED
HEALTH CARE FRAUD PROCEEDS SECRETED IN SWISS BANK ACCOUNTS**

SACRAMENTO--United States Attorney McGregor W. Scott announced today that the United States District Court in Sacramento unsealed a civil forfeiture complaint in which the United States seeks to forfeit in excess of \$2.2 million in funds deposited in Swiss bank accounts. The forfeiture complaint contains allegations that parallel those set out in a criminal complaint unsealed in Los Angeles yesterday. The criminal complaint in Los Angeles charges a husband and wife in Altadena, California, two of their relatives, and a fifth associate, with federal charges related to a long-running Medicare fraud scheme that allegedly netted approximately \$20 million dollars.

This case is the result of an ongoing investigation by the Federal Bureau of Investigation; the United States Department of Health and Human Services, Office of the Inspector General; and IRS-Criminal Investigation Division. The Centers for Medicare & Medicaid Services provided assistance in the investigation.

In a scheme that allegedly began in 1997, several individuals, led by KONSTANTIN MIKHAYLOVICH GRIGORYAN, age 56, operated 12 Los Angeles-area medical providers. These providers purportedly conducted diagnostic tests, such as ultrasound examinations and blood tests. In fact, the providers paid kickbacks to recruit patients, and then submitted billings to Medicare for health services that either were not performed at all or were medically unnecessary. In addition, many providers submitted false statements to Medicare, concealing, among other things, GRIGORYAN's ownership interest in them.

The civil forfeiture complaint alleges that the health care fraud scheme caused Medicare to pay out tens of millions of dollars in fraudulent claims from 2000 until 2005. GRIGORYAN and others then laundered the proceeds from these false claims through a maze of bank accounts and "management" and "consulting" companies, including a Panamanian shell corporation with a Swiss account, in alleged money laundering transactions. In excess of \$2.2 million of these laundered funds made their way into five separate bank accounts allegedly controlled by GRIGORYAN and his wife, Mayya Leonidovna Grigoryan, age 54, including an account held in the name of Panamanian corporation. At the United States' request, Swiss authorities have restrained those funds pending further proceedings.

The civil forfeiture complaint was filed March 10, 2006, but was ordered sealed until today to protect the parallel criminal investigation in Los Angeles. The allegations in the civil forfeiture complaint are merely allegations. The government must prevail on the merits before the Swiss funds can be forfeited to the United States.

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